

**VIRGINIA DEPARTMENT OF HEALTH  
OFFICE OF DRINKING WATER  
FINANCIAL AND CONSTRUCTION ASSISTANCE PROGRAMS (FCAP)**

**INSTRUCTIONS FOR COMPLETION OF  
APPLICATION FOR CONSTRUCTION FUNDS**

The following instructions are intended to supplement instructions and explanatory information incorporated into the PROGRAM DESIGN MANUAL and the APPLICATION FOR CONSTRUCTION FUNDS (Application). If you experience problems in completing the Application after reading through these documents, please do not hesitate to contact the following Program staff for direct assistance.

Steve Pellei, Division Director, FCAP, 804/864-7489  
Keith Kornegay, Project Supervisor, 540/463-0420, or  
Howard Eckstein, Project Officer, 804/864-7507

Submit two complete and signed hard copy applications and two copies of all required attachments to the address below before 4 PM on the application deadline (typically April 1):

Virginia Department of Health  
Office of Drinking Water  
109 Governor Street, 6th Floor  
Richmond, VA 23219

Note: Year-Round Submittals are accepted, however VDH expects to evaluate all projects received by the application deadline together.

Applicants are advised to schedule the required Preliminary Engineering Conference with the appropriate ODW Field Office prior to February 15th.

Answer all of the pre-requirement, pre-application, and information sharing questions on page one. These questions are intended to assist you in determining your eligibility under the program prior to completing the application form.

**SECTION A – PROJECT, ORGANIZATIONAL, AND CONTACT INFORMATION**

Line 1., Project Name: Record the project title for which you are applying for funding. It should be sufficiently descriptive to identify it clearly and avoid confusion with any other current or future projects (e.g. “*Main Street WL Replacement & Extension Project (Phase I)*”). The name should not include the name of the owner/applicant. The project name will be used to identify the project to the public during our public comment period.

Line 3.a., Name of Applicant: Record the legal owner’s name of the waterworks applying for funding. If this is a regional application, only enter the legal name of the lead applicant.

Line 3.c., Contact Person: Provide the name of person who can provide additional information about the application and their contact info.

Line 3.f., Federal DUNS Number: The Federal government requires that all applicants for Federal grants and cooperative agreements with the exception of individuals other than sole proprietors have a DUNS number. See policy/information at: <https://www.grants.gov/web/grants/applicants/organization-registration/step-1-obtain-duns-number.html>. The System for Award Management (SAM) is a Federal

Government owned and operated free web site that consolidates the capabilities in CCR/FedReg, ORCA, and EPLS. The preferred method for registering is at: <https://www.sam.gov/portal/public/SAM/>. Note: applicants must be in good standing with the federal government. Applicants who have been debarred or suspended are not eligible for funding.

Line 4. Engineering Consultant: Provide the name of consulting engineer if one has been procured. You will not be eligible for reimbursement of engineering services if the engineering consultant has not been procured in accordance with our program requirements.

### SECTION C – REQUIRED ATTACHMENTS

Provide all necessary attachments and label your attachments with corresponding numbers (i.e. C-1, C-2, etc.). Most applicants use a binder with tabs labeled appropriately.

- **Items 9, 16, 18 and 22 may be submitted in PDF format on a CD or thumb drive provided 2 copies are submitted.**
- **Items 19, 20, and 21 may also be included in spreadsheet format on the CDs or thumb drives.** Please make note on the application that the information is included in the attached digital material.
- **Item 18 – Tax Returns for individuals – if applicable, please redact or blacken any social security numbers.**

### SECTION E – PROPOSED FINANCING

Line 1.a., VDH Funding Assistance Needed: Only include SRF eligible items. See Section V. - ELIGIBLE COSTS/ELIGIBLE PROJECTS of the SRF Program Design Manual. Please round to the nearest thousand dollar amount. The actual/final funding amount will be determined after project is bid.

Line 1.c., Total Project Cost: Should equal the total of lines 1.a. and 1.b. and should also agree to Section H – Line 14.

Line 3., Outstanding Debt – Parity: Parity means the liens on the current outstanding debt and the new debt have equal standing, i.e., the lien on the new debt is not junior to the lien on current outstanding debt.

Line 4., Median Household Annual Income (MHI): The MHI for Counties and Cities can be obtained from the U. S. Census Bureau web site

<http://factfinder.census.gov/faces/nav/jsf/pages/searchresults.xhtml?refresh=t>

**Contact us for additional details on conducting a site specific survey.**

### SECTION F – PROJECT ISSUES

*Note: To ensure a timely and accurate prioritization of your construction project, it is suggested that you carefully review Section X of the DWSRF Program Design Manual before you complete this section of the Application.*

Line 1., Health Issues: Supporting documentation for your responses should include correspondence from the Virginia Department of Health (VDH) citing the health concerns and compliance issues.

Line 2., Regionalization: Non-complying waterworks means a VDH permitted waterworks that is documented to not be in compliance with VDH Waterworks Regulations.

Line 3., Readiness to proceed: For activities included in the New Construction Timeline which have been checked as “No” (meaning not completed), you should take into consideration the time required to procure goods and services in accordance with the Virginia Public Procurement Act, and the time required for the review and approval of the Preliminary Engineering Report (maximum of 45 days if approved by VDH on the first submittal), the Plans and Specifications (maximum of 60 days if approved by VDH on the first submittal) and the Environmental Review (normally requires about 90 days to complete) in order to establish a realistic timeline.

## **SECTION G – STATISTICAL DATA**

Enter the latest user information. This can be current data or information that matches the latest audits or records.

Line 2. Water Usage and Losses: VDH expects waterworks to proactively reduce excessive water losses in their systems as part of reliability. VDH reserves the right to require waterworks owners address significant water losses as part of or prior to their proposed project.

Line 2.a., Please provide the current monthly average number of gallons used per residential connection. Use total annual gallons billed for in-town residential customers divided by 12 months and divided by the total number of in-town residential customer connections.

Line 2.b., Please provide any documentation, surveys, studies, or spreadsheets which substantiate the water loss percentage of the entire system. If the project is within a single hydraulic area of the system, provide documentation for that area as well.

Line 6. Determine the Average Monthly Residential Water User Rate by entering the average monthly water used per residential connection from item G.1.e. Apply the current rate structure (in-town, if applicable) for residential customers to the average monthly residential water usage to derive the average monthly user rate.

Line 7. Determine Target User Rates based on the percent of (Median Household Income) MHI. Target user rates are set as one percent of MHI.

Line 8. Evaluate Current Rate Structure by comparing Item 6 and Item 6. Does the value in Item 6 equal or exceed the value in item 7? If you answered “No” then the information indicates the owner needs to adjust water rates to increase revenues. Having adequate financial resources is crucial to maintaining a successful and sustainable waterworks. Furthermore, EPA mandates that all borrowers receiving program assistance must demonstrate full financial capacity in order to receive funds. Waterworks are expected to meet or exceed the target rate criteria at or before the time of project completion. VDH reserves the right to require a rate revision plan and implementation schedule acceptable to VDH.

## **SECTION H – CONSTRUCTION PROJECT BUDGET INFORMATION**

Identify all construction project budget items in this section. Include all those funded by the owner or others and those proposed for VDH funding. The project budget should be adjusted to next year’s dollars

or for when construction is to actually begin. Only include costs directly related to the construction of the project. If the cost item does not apply enter “N/A”. Identify all items to be funded by the owner by including the note; “*owner funded*” next to the item. Owner funded items need not meet VDH Program requirements.

All costs reimbursed by VDH are subject to VDH review, approval, and modification. A more detailed cost estimate with supporting documentation may be required and the final funding amount will be set at loan closing.

Line 1., Administrative and Legal Expenses: must be limited to \$10,000 or less each, unless justification is provided. Any amount over this limit will be funded by the owner.

Line 12., Construction Contingencies: This amount is to cover additional SRF eligible construction costs that could not be foreseen prior to construction (e.g. rock, approved change orders). The amount entered must not exceed 5% of the construction costs. Any amounts over this limit will be funded by the owner.

Line 14., Loan Closing Fee: VDH reserves the right to apply a closing fee of \$6,000 for all applicable loan offers to defray the cost of this service. The \$6,000 may be included in the principal of the loan. If VDH determines a loan closing fee does not apply it will be eliminated from the final budget.

Line 15., Total: Round to the nearest thousand. The amount entered on this line should agree to Section E – Line 1.c. This number will be used for planning purposes and will be revised prior to loan closing.

## SECTION I – FINANCIAL DATA

Line 1. a.- g., Estimated Cost for Proposed Facilities: Amounts entered on these lines should be for the incremental costs for the proposed facilities and not include depreciation expense.

Line 2.a., Net O,M & R (for existing water facilities): Do not include depreciation expense.

Line 2.c., O,M & R for Proposed Facilities: The amount entered on this line should agree to Section I – Line 1.h.

Line 4, Six-Year Cash Flow Analysis for the Proposed Project (Operating Budget): We require that this information be prepared using the VDH **Cash Flow Template** file.

## SECTION J – SUSTAINABILITY

All applicants must submit a completed business case for Green Project Reserve (GPR) with their application. To qualify for credit as GPR credit, a waterworks must show that its proposed DWSRF-funded project has significant (not incidental) green benefits. The project must provide green infrastructure, promote water and/or power efficiency, or provide other innovative environmental benefits.

More information on the GPR is available on:

[http://water.epa.gov/infrastructure/infrafin/cwdwsrf\\_index.cfm](http://water.epa.gov/infrastructure/infrafin/cwdwsrf_index.cfm)